

## Message Text

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ORIGIN PRS-01

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S/S - MR. ORTIZ

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FM SECSTATE WASHDC

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E.O. 11652: N/A

TAGS: SOPN (INGERSOLL, ROBERT)

SUBJECT: MONDAY MORNING PRESS SUMMARY, SEPTEMBER 8, 1975.

FOR DEPUTY SECRETARY INGERSOLL FROM S/PRS

1. CAMBODIA DIDN'T ORDER SHIP SEIZED -- ELIZABETH BAKER, WASH POST. "THE CAMBODIAN GOVERNMENT DID NOT ORDER THE CAPTURE OF THE AMERICAN MERCHANT SHIP MAYAGUEZ AND FIRST LEARNED THAT ITS FORCES HAD SEIZED IT FROM AN AMERICAN RADIO BROADCAST MONITORED IN PHNOM PENH, ACCORDING TO A HIGH CAMBODIAN OFFICIAL.

"IENG SARY, DEPUTY PREMIER AND FOREIGN MINISTER, SAID IN A SPEECH SATURDAY NIGHT IN NEW YORK THAT AFTER CAMBODIAN LEADERS LEARNED OF THE MAY 12 INCIDENT THEY ORDERED THE LEADER OF THE LOCAL TROOPS WHO SEIZED THE SHIP TO TRAVEL TO PHNOM PENH TO EXPLAIN THE SEIZURE. HE WAS THEN TOLD TO UNCLASSIFIED

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RETURN TO THE AREA WHERE THE SHIP HAD BEEN CAPTURED AND RELEASE IT.

"BEFORE THESE ORDERS COULD BE CARRIED OUT, IENG SARY

SAID, AMERICAN FORCES BEGAN THEIR ATTACK TO RECOVER THE SHIP..."

2. DEFECTOR CITES FREEDOM -- THOMAS BOSWELL, WASHINGTON POST. "FOREST HILLS, NY: MARTINA NAVRATILOVA, THE 18-YEAR-OLD CZECH TENNIS STAR WHO HAS ASKED FOR POLITICAL ASYLUM IN THE UNITED STATES, SAID TODAY THAT SHE DECIDED TO DEFECT PRIMARILY 'FOR MY TENNIS' BUT ALSO STRESSED FREEDOM.'

"NAVRATILOVA, WHO HAS BEEN ASSURED BY US OFFICIALS THAT HER REQUEST FOR ASYLUM, MADE FRIDAY, WILL BE PROCESSED ROUTINELY AND THAT SHE WILL BE PERMITTED TO STAY SEEMED ALMOST GIDDY WITH DELIGHT AS SHE ANSWERED QUESTIONS DURING AN HOUR-LONG NEWS CONFERENCE HERE..."

3. HELMUT SCHMIDT AND THE UNANSWERED LETTER -- EVANS AND NOVAK, WASH POST. "A PRIVATE LETTER FROM GERALD R. FORD TO HELMUT SCHMIDT LAST MAY POLITELY INFORMED THE WEST GERMAN CHANCELLOR THAT THE UNITED STATES WANTS TO RENEW THE EXPIRED "OFFSET" AGREEMENT UNDER WHICH THE GERMANS HELP DEFRAY THE COST OF AMERICAN TROOPS HERE IN GERMANY.

"WHAT IS ODD ABOUT THAT LETTER IS NOT MR. FORD'S REQUEST, BECAUSE AN OFFSET AGREEMENT IN ONE FORM OR ANOTHER HAS BEEN PART OF THE WASHINGTON-BONN HOUSEHOLD ARRANGEMENTS FOR YEARS. WHAT IS ODD IS THAT, FOUR MONTHS LATER, CHANCELLOR SCHMIDT HAS NOT YET ANSWERED THE PRESIDENT'S LETTER.

"THE CASE OF THE UNANSWERED LETTER POINTS UP THE SINGLE MOST DANGEROUS SET OF PROBLEMS CONFRONTING SCHMIDT AND WEST GERMANY TODAY.

"PROBLEM NO. 1: SCHMIDT'S NEW ECONOMIC PROGRAM CONCENTRATES FAR MORE HEAVILY ON REDUCING THE RECORD \$17 BILLION BUDGET DEFICIT THAN ON STIMULATING THE COUNTRY'S  
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WORSENING ECONOMY. BY SEVERLY LIMITING GOVERNMENT SPENDING, PRUNING GOVERNMENT PAYROLLS AND RAISING TAXES (INCLUDING EMPLOYEE CONTRIBUTIONS TO SOCIAL SECURITY), THE CHANCELLOR'S ECONOMIC PROGRAM LEAVES LITTLE ROOM FOR A NEW OFFSET AGREEMENT.

"INDEED, SCHMIDT'S ECONOMIC ADVISERS ARE INDIGNANT THAT THE UNITED STATES IS EVEN PUSHING FOR ONE, SINCE THE ORIGINAL OFFSET WAS DESIGNED TO HELP SOLVE THE U.S. BALANCE OF PAYMENTS DEFICIT, NOW A NON-PROBLEM FOR THE UNITED STATES BUT A GROWING PROBLEM FOR WEST GERMANY.

PROBLEM NO. 2: SCHMIDT WANTS THE UNITED STATES TO HELP

HANDLE THE RECESSION-ENDING PART OF HIS ECONOMIC CRISIS BY REVIVING GERMANY'S FLATTENED EXPORT TRADE. THAT MEANS INJECTING NEW CASH INTO US CONSUMER POCKETS TO BE SPENT ON WEST GERMAN AUTOMOBILES AND OTHER PRODUCTION, NO MATTER WHAT THE INFLATIONARY IMPACT ON THE UNITED STATES.

"PROBLEM NO. 3: DWARFING BOTH THESE QUESTIONS IS SCHMIDT'S NIGHTMARE THAT CONFLICTING AND CONTRADICTIONARY ECONOMIC STRATEGIES OF THE WESTERN DEMOCRACIES, ALL STAGGERING UNDER RECESSION AND INFLATION, THREATEN THE CAPITALIST WEST WITH DISASTER AND FEED MOSCOW'S LINE THAT CAPITALISM IS MARKED FOR EXTINCTION.

"THUS, THE TRUE EXPLANATION OF SCHMIDT'S LONG DELAY IN ANSWERING MR. FORD'S LETTER IS POLITICAL PRESSURE ON THE UNITED STATES TO TAKE A MUCH STRONGER LEAD IN COORDINATING AND STRENGTHENING WESTERN ECONOMIC STRATEGY BEFORE IT IS TOO LATE. ALTHOUGH THE HIGH UNEMPLOYMENT HERE HAS NOT YET LED TO ANY FORM OF POLITICAL EXTREMISM, OFFICIALS POINT WITH ALARM TO LEFT-WING STUDENT ACTIVISTS NOW ASKING SUCH QUESTIONS AS THIS : 'WHY IS THERE NO UNEMPLOYMENT IN THE SOVIET UNION?'

"THE SCHMIDT GOVERNMENT IS TERRIFIED OF GETTING CAUGHT IN THE KIND OF RUNAWAY INFLATION THAT SAVAGED THE LAST SOCIAL DEMOCRATIC GOVERNMENT AND LED TO ADOLF HITLER. THAT EXPLAINS THE HEAVY EMPHASIS ON SCHMIDT'S NEW FOUR-YEAR UNCLASSIFIED

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PROGRAM ON BUDGET-CUTTING, TAX-RAISING, ANTI-INFLATION MEASURES AND ITS LACK OF ANTI-RECESSION STIMULANTS. ('THIS IS A RECOVERY PROGRAM?' OPPOSITION LEADER HELMUT KOHL, HEAD OF THE CHRISTIAN DEMOCRATS, EXCLAIMED TO US.)

"SCHMIDT IS ACCORDINGLY TAKING A LARGE GAMBLE ON RESCUE FROM AN UNLIKELY PAIR OF ANTI-INFLATIONIST RESCUERS -- SECRETARY OF THE TREASURY WILLIAM SIMON AND FEDERAL RESERVE CHAIRMAN ARTHUR BURNS. HE WANTS THEM TO DO IN THE UNITED STATES WHAT HE IS UNWILLING TO DO IN WEST GERMANY: HYPO THE US ECONOMY ENOUGH TO FULLY RESTORE US PURCHASING POWER IN THE GERMAN EXPORT MARKET.

"ONE OF EVERY FOUR WORKERS HERE IS DIRECTLY WORKING FOR THAT MARKET, THE MOST DYNAMIC ENGINE OF THE FALTERING WEST GERMAN ECONOMY. THE US SHARE OF GERMAN EXPORTS WAS ABOUT 11 PER CENT UNTIL THE US RECESSION. IT IS NOW ONLY LITTLE MORE THAN HALF THAT MUCH.

"SCHMIDT, THE SHREWDEST OF TODAY'S EUROPEAN LEADERS, UNDERSTANDS WELL ENOUGH THAT SIMON AND BURNS WORRY AS DEEPLY ABOUT US INFLATION AS HE WORRIES ABOUT HIS OWN.

NEVERTHELESS, HE FEELS MORE STIMULUS CAN BE APPLIED TO  
US RECOVERY WITHOUT RISKING RUNAWAY INFLATION.

"TO EASE THE SIMON-BURNS ORTHODOXY, WEST GERMAN OFFICIALS  
ARE QUIETLY TALKING ABOUT THE RESURRECTION OF FORMER  
TREASURY SECRETARY GEORGE SHULTZ, HIGHLY REGARDED HERE,  
TO DEAL DIRECTLY IN WASHINGTON WITH THE CRITICAL PROBLEMS  
OF INTERDEPENDENCE OF WESTERN ECONOMIES.

"BEYOND THAT, SCHMIDT HAS BECOME MR. FORD'S MOST PERSISTENT  
GADFLY, LOBBYING HIM RELENTLESSLY TO LEAD THE WEST OUT OF  
ITS ECONOMIC CRISIS. SOME CRITICS SEE HIM SIMPLY TRYING  
TO RIDE UNCLE SAM'S SHOULDERS TO VICTORY IN NEXT  
YEAR'S ELECTION HERE. BUT IN FACT SCHMIDT'S NOBLER  
CONCERN IS COLLAPSE OF THE WEST, NOT GROWING OUT OF  
SOVIET POWER BUT FROM POLITICAL EROSION GROWING OUT OF  
ECONOMIC DISORDER."

4. ISRAEL SHOPPING FOR ARMS TO MEET CHANGES IN SINAI --  
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DREW MIDDLETON, NYT. "ISRAELI ARMS PROCUREMENT IN THE  
UNITED STATES IS ABOUT TO ACCELERATE, FOCUSING ON WEAPONS  
TO COPE WITH THE CHANGE IN THE MILITARY SITUATION IN THE  
MIDDLE EAST CAUSED BY THE SIGNING LAST WEEK OF AN AGREEMENT  
ON SINAI.

"ISRAELI GOVERNMENT SOURCES REPORTED OVER THE WEEKEND THAT  
THE UNITED STATES HAD ENDED THE BAN ON LONG-TERM ARMS  
SALES IT IMPOSED AFTER THE FAILURE OF ITS EFFORTS, TO  
NEGOTIATE A SINAI AGREEMENT BETWEEN ISRAEL AND EGYPT LAST  
MARCH.

"THE ISRAELI SOURCES SAID NEGOTIATIONS HAD RESUMED ON  
A SHOPPING LIST THAT INCLUDES:

--F-15 FIGHTER PLANES TO MATCH THE MIG-23'S DEPLOYED BY  
EGYPT AND SYRIA.

--HUNDREDS OF TANKS AND ARMORED PERSONNEL CARRIERS TO  
DEFEND THE SINAI PLAIN EAST OF THE MITLA AND GIDI PASSES"  
FROM WHICH ISRAEL HAS AGREED TO WITHDRAW.

--SURFACE-TO-SURFACE MISSILES TO BALANCE THOSE IN ARAB  
COUNTRIES.

--THE MOST ADVANCED ELECTRONIC COUNTER-MEASURES AND LASER-  
GUIDED MUNITIONS, OR 'SMART BOMBS.'

"ISRAELI ARMS ACQUISITIONS ARE EXPECTED TO COST MORE THAN  
\$2.2 BILLION, ACCORDING TO DEFENSE DEPARTMENT ESTIMATES,  
AND WILL INVOLVE SOME HARD CHOICES..."

5. PLO SAYS US FORCE WOULD BE SINAI 'TARGET' -- AP, BAL T SUN. "THE NEWSPAPER OF YASSER ARAFAT'S PALESTINE LIBERATION ORGANIZATION YESTERDAY ATTACKED THE PLANNED DEPLOYMENT OF 200 UNITED STATES TECHNICIANS IN THE SINAI AND URGED ARAB CITIZENS TO SHOOT THEM.

"THE PALESTINIAN REVOLUTION...REGARDS THE US MILITARY PRESENCE IN SINAI AS AN ENEMY TARGET THAT SHOULD BE SHOT BY EVERY STRUGGLER AND EVERY NATIONALIST IN OUR ARAB UNCLASSIFIED

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NATION,' AL THAWRA SAID.

"WE ARE CONFIDENT THE FIRST SHOT WILL BE FIRED BY AN EGYPTIAN SOLDIER, BECAUSE THE EGYPTIANS ARE KNOWN FOR THEIR NATIONALISM AND WILL NEVER ALLOW AN IMPERIALIST AMERICAN FLAG TO FLUTTER OVER ANY SPOT OF ARAB TERRITORY"

...

6. ADDITIONAL ITEM FROM FRIDAY: US OIL DRILLING OFF CHINA REPORTEDLY BLOCKED BY FORD-- MURREY MARDER, WASH POST. "THE FORD ADMINISTRATION INTERVENED EARLY THIS YEAR TO BLOCK TWO AMERICAN COMPANIES FROM DRILLING FOR OIL OFF THE CHINA COAST, ACCORDING TO A REPORT PUBLISHED YESTERDAY.

"SUPERIOR OIL CO. AND GULF OIL CORP. ARE REPORTED TO HAVE MET OPPOSITION FROM THE WHITE HOUSE AND THE STATE DEPARTMENT TO PLANS FOR OPERATING OIL CONCESSIONS FROM TAIWAN AND SOUTH KOREA IN WATERS ALSO CLAIMED BY CHINA.

"THE UNITED STATES WAS DESCRIBED AS 'ANXIOUS TO AVOID PROVOKING PEKING IN ADVANCE OF THE PRESIDENTIAL VISIT TO CHINA THIS FALL.'

"OFFICIAL US INTERVENTION IN THE DISPUTE IS REPORTED BY SELIG S. HARRISON IN FOREIGN POLICY MAGAZINE IN AN ARTICLE ENTITLED 'TIME BOMB IN EAST ASIA.' HARRISON CONDUCTED A YEAR-LONG INQUIRY ON THE SUBJECT, SPONSORED BY THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE...

"IN CONTRAST TO SUPERIOR,' THE ACCOUNT CONTINUES, 'GULF IS ACCUSTOMED TO STARING DOWN THE US GOVERNMENT AND HAS KEPT ITS OPTIONS OPEN IN THE FACE OF CONTINUING STATE DEPARTMENT EFFORTS TO HEAD OFF DRILLING IN A SENSITIVE AREA' MIDWAY BETWEEN THE COASTS OF CHINA AND SOUTH KOREA.

"DEPUTY SECRETARY OF STATE ROBERT S. INGERSOLL MADE A SERIES OF PHONE CALLS TO GULF BOARD CHAIRMAN BOB R. DORSEY, BUT DORSEY MADE NO PROMISES,' THE ACCOUNT STATES.

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"GULF'S ATTITUDE ABRUPTLY CHANGED IN MAY, HOWEVER,  
AFTER DORSEY'S REVELATION IN SENATE TESTIMONY THAT THE  
COMPANY HAD BEEN FORCED TO PAY \$4.2 MILLION IN SLUSH  
FUNDS' TO THE RULING DEMOCRATIC REPUBLICAN PARTY OF SOUTH  
KOREAN PRESIDENT PARK CHUNG HEE. SINCE THEN,  
GULF HAS HINTED THAT IT WILL NOT DRILL THIS YEAR, THE  
REPORT SAID." KISSINGER

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